Leave Balance Value
Payout Information and Processing Instructions

In accordance with 101 KAR 2:102, employees separating/retiring or being dismissed with a remaining compensatory leave balance are eligible for a payment equal to the value of that remaining balance.

Some employees with remaining annual leave *may* also be eligible to receive compensation of their annual leave balance, up to the maximum amount shown below (based on their annual months of service) if approved by the appointing authority. Note: Approvals are typically given unless the employee fails to provide adequate notice of intent to separate/retire (less than 14 days) or is dismissed due to misconduct.

The maximum number of annual leave hours to be paid out per months of service, for a KRS Chapter 18A employee is as follows (see 101 KAR 2:102):

Months of Service	Annual Equivalent	Maximum Amount (Days)	Hourly Equivalent by Work Week	
			37.5	40
0-59	*Less than 5*	**Thirty (30) workdays**	*225.0*	*240.0*
60-119	*5 – less than 10*	**Thirty-seven (37) workdays**	*277.5*	*296.0*
120-179	*10- less than 15*	**Forty-five (45) workdays**	*337.5*	*360.0*
180-239	*15- less than 20*	**Fifty-two (52) workdays**	*390.0*	*416.0*
240 and over	*20 or more*	**Sixty (60) workdays**	*450.0*	*480.0*

Employee groups with maximum payout amounts that differ from KRS Chapter 18A are as follows:

Employee Group	Maximum Annual Payout	Maximum Compensatory Payout
KRS Chapter 156 (technical education teachers)	450 Hours	200 Hours
KRS Chapter 16 (Kentucky State Police)	Same as 18A	240 Hours
Legislative Research Commission	900 Hours. Anything over converts to sick leave	240 Hours

Processing Options for Compensation of Leave Balance Value:

1. Payout with final payroll.
2. Deferral to an active 401K/457 plan through the KY Employees Deferred Compensation Authority.

Upon notice of pending separation/retirement/dismissal, the employee (if balances and an active 401K/457 plan exist) should be given the Payout Request for Remaining Leave Balance Value. This form is *not necessary* if the employee has no applicable leave balances or if the employee has applicable leave balances but does *not* have an active 401K/457 plan- in which payout with final payroll would be their only option. In that event, skip to Processing Instructions for Option 1.

Preparing the Payout Request for Remaining Leave Balance Value form:
Complete Section 1, by entering the employee's name, PERNR, agency name, and the last date of employment. Annual months of service should be obtained by running PTBAL_00 and the employees full annual balance should be listed followed by the maximum amount payable, based on the above (and included on the form) chart. If the balance is being forfeited check the box to indicate such. Enter any compensatory leave balance that

will be paid as well as the 'as-of' date for which the balances are valid. Provide to the employee for completion. Upon return, process the leave balance value payout as requested/permitted.

Processing Instructions:

Complete this chart to assist in processing, using data from a salary statement, as indicated in the instructions below.
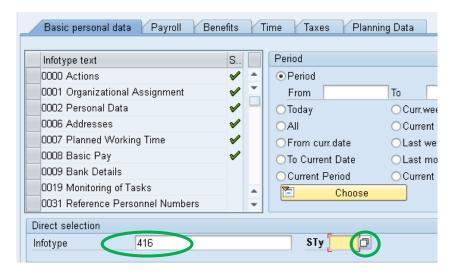
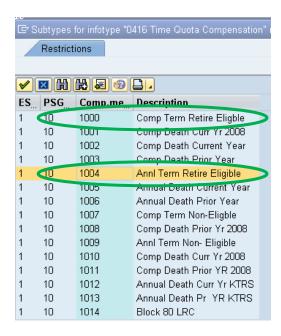|		
Employee Name:		PERNR :
Last Date of Employment:	Annual Months of Service (MOS):	
Annual Leave Balance Total:		
Maximum Annual Leave Hours to be paid out based on MOS (See chart above):		
Amount above Maximum to be Converted to Sick Leave or Reduced:		
Total Compensatory Leave Balance (to be paid out in full):		
IF APPLICABLE--Total Amount to be Deferred:	$	

Important: *The HR Administrator must verify the number of annual hours to be compensated in accordance with the maximum number of hours per the employee's months of service. This is necessary because KHRIS will allow any number of annual hours to be entered; there is no validation against months of service shown on IT0416. Failure to check the limit per months of service may result in the employee being overcompensated. Instructions for utilizing PTBAL_00 can be found on the HR website under Resources/Reports.*

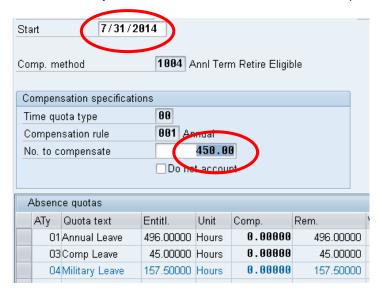## Option 1- Payout with final payroll.

This process should be completed *after pre-payroll* has run and *before final payroll* runs for that which will process the employee's final pay for wages earned. Note: You should generate a salary statement after pre-payroll, to obtain the balances for the above chart and to see what the initial net payment based on regular wages will be.

1. Log into the **KHRIS GUI** and enter transaction code **PA30** to Maintain HR Master Data.

2. Enter the employee's **PERNR**.

3. Once the employee's information appears, enter **0416** in the 'Infotype field' and click the matchbox for the 'Sty field'. This will open a window where you will select either **1000**- Comp Term Retire Eligible *or* **1004**- Annl Term Retire Eligible, based on the leave payout type you are processing.
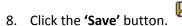
4. Click the **'Create'** button.

5. A new screen appears. Enter the **Start** date as the employee's last active date for employment.

6. For **No. to compensate**, enter the leave hours to be compensated.

7. Click the **'Compensate'** button to see the amount of hours to be paid and you'll notice the remaining balance will decrease accordingly.

8. Click the **'Save'** button.

Complete this process for each leave balance payout as you can only process one at a time. A quick reference guide providing screenshots for this process is available on the HR website under Resources/Time-Leave as well as Resources/Payroll.

9. After final payroll, generate and mail a final salary statement to the employee. The payment and this associated salary statement will reflect the amount paid for wages in addition to the amount of the leave payout.
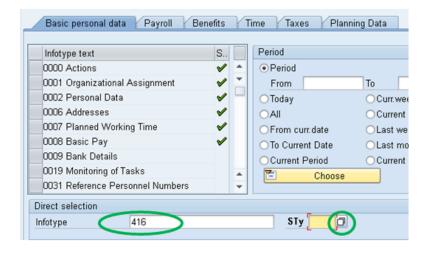
   Instructions for generating a salary statement can be found on the HR website under Resources/Reports/Payroll.
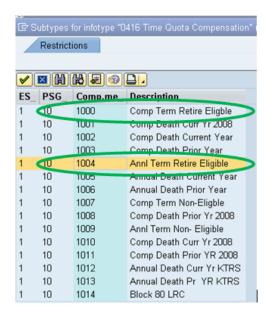
Option 2- Deferral to an active 401K/457 plan through the KY Employees Deferred Compensation Authority.

When an employee selects this option, they are responsible for contacting KDC to start the paperwork required for the deferral. KDC will send the agency HR office a Lump Sum Deferral of Annual Leave and Compensatory Time Form to complete and return, using the Deferred Comp Calculator which is available on the HR website under Resources/Payroll. Based on those figures KDC will provide a Pre-Tax Participation Agreement which will indicate the maximum amounts for the deferral.
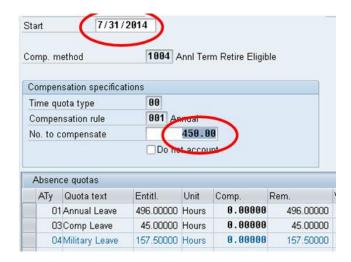
This process should be completed after that agreement is received and *on the first off-cycle* run that follows the final payroll that processed the employee's final pay for wages earned. Note: You should use the agreement and the salary statement from the employee's final payroll, to obtain the balances for the above chart. Remember to mail the employee a copy of their final salary statement.

1. Log into the **KHRIS GUI** and enter transaction code **PA30** to Maintain HR Master Data.

2. Enter the employee's **PERNR**.

3. Once the employee's information appears, enter **0416** in the 'Infotype field' and click the matchbox for the 'Sty field'. This will open a window where you will select either **1000**- Comp Term Retire Eligible *or* **1004**- Annl Term Retire Eligible, based on the leave payout type you are processing.
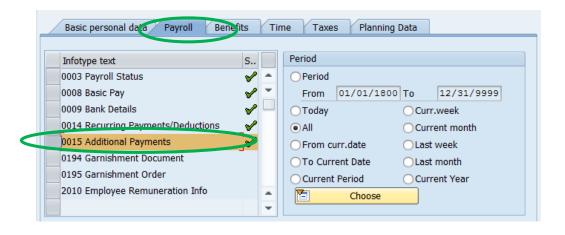
4. Click the **'Create'** button.

5. A new screen appears. Enter the **Start** date as the employee's last active date for employment.

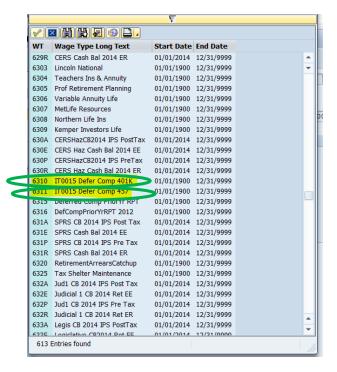6. For **No. to compensate**, enter the leave hours to be compensated through deferral.

7. Click the **'Compensate'** button to see the amount of hours to be paid through deferral and you'll notice the remaining balance will decrease accordingly.

8. Click the **'Save'** button.

Complete this process for each leave balance deferral as you can only process one at a time. A quick reference guide providing screenshots for this process is available on the HR website under Resources/Time-Leave as well as Resources/Payroll.
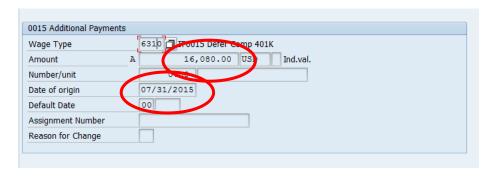
9. Still using transaction code **PA30** to Maintain HR Master Data, select the Payroll tab and **0015** for Additional Payments.

10. Click the **'Create'** button.

11. A new screen appears. Enter the **Wage Type** as **6310**- IT0015 Defer Comp 401K *or* **6311**- IT0015 Defer Comp 457, based on the employee's active account type.

12. Enter the **Amount** of the employee's full deferral.

13. For **Date of Origin**, enter the last date of active employment.

14. Click the **'Save'** button.

15. Once finished, submit a Business Request for an Off-Cycle.

    Instructions for this process are available on the HR website under Resources/Processes/Off-Cycle.

16. The day after the Off-Cycle has run, generate and mail a salary statement for that off-cycle to the employee. This will reflect the amount deferred and will include any potential amount that will be paid via check, if over the deferral maximum. Any checks generated from the deferral and off-cycle will be mailed directly to the employee's home address from Treasury.

Completing a Quota Correction

Any remaining annual leave balance, that exceeded the maximum amount payable based on the employee's months of service, must be reduced.

If the employee **separated in a manner other than retirement**, the excess hours are simply *removed*.

If the employee **retired**, the hours are *reduced* from the annual leave balance *and* the sick leave balance is *increased* by that same amount.

Please refer to the Quota Correction quick reference guide, available on the HR website under Resources/Processes/Quota.

NOTE: To prevent incorrect bank accounts from remaining active on IT0009 in cases of rehire, that information is delimited with a date 45 days from the effective date of the retirement/separation date. If processing a void of retirement or separation, the HR Administrator must remember to delete the check record created by the previous action. For rehires, the employee should re-enroll in direct deposit.

Other Useful tools:

Deferred Comp Calculation Tool
Quota Compensation Sheet